

# **SAN JUAN UNIFIED SCHOOL DISTRICT**

Audit Report

## **INTRADISTRICT ATTENDANCE PROGRAM**

Chapters 161 and 915, Statutes of 1993

*July 1, 1999, through June 30, 2003*



**STEVE WESTLY**  
California State Controller

December 2005



**STEVE WESTLY**  
**California State Controller**

December 2, 2005

Steven W. Enoch  
Superintendent of Schools  
San Juan Unified School District  
P.O. Box 477  
Carmichael, CA 95609-0477

Dear Mr. Enoch:

The State Controller's Office audited the costs claimed by the San Juan Unified School District for the legislatively mandated Intradistrict Attendance Program (Chapters 161 and 915, Statutes of 1993) for the period of July 1, 1999, through June 30, 2003.

The district claimed \$615,453 for the mandated program. Our audit disclosed that \$280,082 is allowable and \$335,371 is unallowable. The unallowable costs occurred primarily because the district claimed costs for salaries and benefits that were not adequately supported. The State paid the district \$332,225. The amount paid exceeds allowable costs claimed by \$52,143.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at COSM's Web site, at [www.csm.ca.gov](http://www.csm.ca.gov) (Guidebook link); you may obtain IRC forms by telephone, at (916) 323-3562, or by e-mail, at [csminfo@csm.ca.gov](mailto:csminfo@csm.ca.gov).

If you have any questions, please contact Jim L. Spano, Chief, Compliance Audits Bureau, at (916) 323-5849.

Sincerely,

*Original Signed By:*

**JEFFREY V. BROWNFIELD**  
Chief, Division of Audits

JVB/ams

cc: Mike Dencavage

Associate Superintendent, Business Services  
San Juan Unified School District

Dina Geiss, CPA

Director of Business Support Services  
San Juan Unified School District

David W. Gordon, County Superintendent  
Sacramento County Office of Education

Scott Hannan, Director

School Fiscal Services Division  
California Department of Education

Arlene Matsuura, Education Fiscal Services Consultant  
School Fiscal Services Division  
California Department of Education

Gerry Shelton, Director

Fiscal and Administrative Services Division  
California Department of Education

Jeannie Oropeza, Program Budget Manager  
Education Systems Unit  
Department of Finance

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the San Juan Unified School District for the legislatively mandated Intradistrict Attendance Program (Chapters 161 and 915, Statutes of 1993) for the period of July 1, 1999, through June 30, 2003. The last day of fieldwork was October 8, 2004.

The district claimed \$615,453 for the mandated program. Our audit disclosed that \$280,082 is allowable and \$335,371 is unallowable. The unallowable costs occurred primarily because the district claimed costs for salaries and benefits that were not adequately supported. The State paid the district \$332,225. The amount paid exceeds allowable costs claimed by \$52,143.

## Background

Chapter 161, Statutes of 1993, added *Education Code* Section 35160.5(c). Subsequently, Chapter 204, Statutes of 1996, renumbered the section to 35160.5(b). The law requires the governing board of each school district, on or before July 1, 1994, to prepare and adopt rules that establish and implement an open enrollment policy for district residents. The policy must ensure that:

1. The parent or guardian of each school-aged child who is a resident in the district may select the schools the child shall attend;
2. Once the intradistrict transfer is selected, the district ascertains the impact of the transfer upon the maintenance of appropriate racial and ethnic balances among the respective schools;
3. Intradistrict attendance in excess of school site attendance area capacity is determined by a random, unbiased process that prohibits pupil enrollment based upon his or her academic or athletic performance; and
4. No pupil who currently resides in the attendance area of a school will be displaced by pupils transferring from outside the attendance area.

Chapter 915, Statutes of 1993, amended *Education Code* Section 35160.5(c). This law specifies that the intradistrict attendance program does not apply to any school district that has only one school or schools that do not serve any of the same grade levels. The amendment also required school districts to determine school capacities within the district's jurisdiction.

On January 19, 1995, the Commission on State Mandates (COSM) determined that Chapters 161 and 915, Statutes of 1993, imposed a state mandate reimbursable under *Government Code* Section 17561.

*Parameters and Guidelines* establishes the state mandate and defines reimbursement criteria. COSM adopted *Parameters and Guidelines* on May 24, 1995. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies and school districts in claiming reimbursable costs.

## **Objective, Scope, and Methodology**

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Intradistrict Attendance Program for the period of July 1, 1999, through June 30, 2003.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority of *Government Code* Section 17558.5. We did not audit the district's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

We asked the district's representative to submit a written representation letter regarding the district's accounting procedures, financial records, and mandated cost claiming procedures as recommended by *Government Auditing Standards*. However, the district declined our request.

## **Conclusion**

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, the San Juan Unified School District claimed \$615,453 for costs of the Intradistrict Attendance Program. Our audit disclosed that \$280,082 is allowable and \$335,371 is unallowable.

For fiscal year (FY) 1999-2000, the State paid the district \$162,797. Our audit disclosed that \$5,357 is allowable. The district should return \$157,440 to the State.

For FY 2000-01, the State paid the district \$87,165. Our audit disclosed that \$129,162 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$41,997, contingent upon available appropriations.

For FY 2001-02, the State paid the district \$82,263. Our audit disclosed that \$57,955 is allowable. The district should return \$24,308 to the State.

For FY 2002-03, the State made no payment to the district. Our audit disclosed that \$87,608 is allowable. The State will pay allowable costs claimed, totaling \$87,608, contingent upon available appropriations.

**Views of  
Responsible  
Officials**

We issued a draft audit report on August 5, 2005. Mike Dencavage, Associate Superintendent, Business Services, responded by letter dated September 6, 2005 (Attachment), disagreeing with the audit results. This final audit report includes the district's response.

**Restricted Use**

This report is solely for the information and use of the San Juan Unified School District, the Sacramento County Office of Education, the California Department of Education, the California Community Colleges Chancellor's Office, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Original Signed By:*

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

# Schedule 1— Summary of Program Costs July 1, 1999, through June 30, 2003

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 1999, through June 30, 2000</u>				
Salaries and benefits	\$ 150,850	\$ 4,814	\$ (146,036)	Finding 1
Materials and supplies	2,313	226	(2,087)	Finding 2
Contracted services	—	—	—	
Total direct costs	153,163	5,040	(148,123)	
Indirect costs	9,634	317	(9,317)	Findings 1, 2
Total program costs	<u>\$ 162,797</u>	5,357	<u>\$ (157,440)</u>	
Less amount paid by the State		(162,797)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (157,440)</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Salaries and benefits	\$ 239,456	\$ 113,122	\$ (126,334)	Finding 1
Materials and supplies	8,963	6,921	(2,042)	Finding 2
Contracted services	13,613	2,073	(11,540)	Findings 2, 3
Total direct costs	262,032	122,116	(139,916)	
Indirect costs	14,582	7,046	(4,536)	Findings 1, 2
Total program costs	<u>\$ 276,614</u>	129,162	<u>\$ (147,452)</u>	
Less amount paid by the State		(87,165)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 41,997</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Salaries and benefits	\$ 72,509	\$ 49,158	\$ (23,351)	Finding 1
Materials and supplies	6,514	6,514	—	Finding 2
Contracted services	—	—	—	
Total direct costs	79,023	55,672	(23,351)	
Indirect costs	3,240	2,283	(957)	Findings 1, 2
Total program costs	<u>\$ 82,263</u>	57,955	<u>\$ (24,308)</u>	
Less amount paid by the State		(82,263)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (24,308)</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Salaries and benefits	\$ 90,512	\$ 84,556	\$ (5,956)	Finding 1
Materials and supplies	—	—	—	
Contracted services	—	—	—	
Total direct costs	90,512	84,556	(5,956)	
Indirect costs	3,267	3,052	(215)	Finding 1
Total program costs	<u>\$ 93,779</u>	87,608	<u>\$ (6,171)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 87,608</u>		



## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>Summary: July 1, 1999, through June 30, 2003</u>				
Salaries and benefits	\$ 553,327	\$ 251,650	\$ (301,677)	
Materials and supplies	17,790	13,661	(4,129)	
Contracted services	<u>13,613</u>	<u>2,073</u>	<u>(11,540)</u>	
Total direct costs	584,730	267,384	(317,346)	
Indirect costs	<u>30,723</u>	<u>12,698</u>	<u>(18,025)</u>	
Total program costs	<u>\$ 615,453</u>	280,082	<u>\$ (335,371)</u>	
Less amount paid by the State		<u>(332,225)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (52,143)</u>		

<sup>1</sup> See the Findings and Recommendations section.

# Findings and Recommendations

## **FINDING 1— Unsupported salaries, benefits, and related indirect costs**

The district overstated employee salaries and benefits totaling \$301,677 during the audit period. The related indirect costs, based on claimed indirect cost rates, total \$17,774.

Unallowable costs occurred for the following reasons.

- The district did not provide any source documents (e.g., employee time records or logs) to support \$214,884 in claimed costs (\$132,960 for FY 1999-2000, \$81,024 for FY 2000-01, and \$900 for FY 2001-02).
- The district claimed \$51,879 in costs (\$33,965 for FY 2000-01, \$13,058 for FY 2001-02, and \$4,856 for FY 2002-03) that were supported only by employee declarations of time spent on mandated activities. These estimates were either based on an average time per occurrence for a specific task or on the amount of time spent annually to complete certain tasks. In addition, many of the employee certifications were prepared five to six months after the end of the school year. Declarations of estimated time do not constitute adequate documentation in support of claimed salaries and benefits.
- The district claimed \$3,203 in costs for FY 1999-2000 that were supported by logsheets that did not indicate the type of mandate activities performed.
- The district overstated costs by \$24,544 (\$9,873 for FY 1999-2000, \$4,178 for FY 2000-01, \$9,393 for FY 2001-02, and \$1,100 for FY 2002-03) because employee timesheets supported fewer employee hours than the hours claimed.
- The district overstated costs by \$7,167 for FY 2000-01 because it used an incorrect hourly rate to calculate the salary and benefit costs for one part-time employee.

Unallowable costs are summarized as follows.

	Fiscal Year				Total
	1999-2000	2000-01	2001-02	2002-03	
Salaries and benefits	\$(146,036)	\$(126,334)	\$(23,351)	\$(5,956)	\$(301,677)
Related indirect costs	(9,186)	(7,416)	(957)	(215)	(17,774)
Audit adjustment	<u>\$(155,222)</u>	<u>\$(133,750)</u>	<u>\$(24,308)</u>	<u>\$(6,171)</u>	<u>\$(319,451)</u>

A summary of the claimed costs, allowable costs, and audit adjustments by reimbursable activity is as follows.

	Claimed Costs	Allowable Costs	Audit Adjustment
Policy and procedures	\$ 2,765	\$ 1,096	\$ 1,669
Random selection process	472,496	200,947	271,549
Schoolsite capacity	77,358	49,607	27,751
Impact on demographics	708	—	708
Totals	<u>\$ 553,327</u>	<u>\$ 251,650</u>	<u>\$ 301,677</u>

*Parameters and Guidelines* states that the district should support employee salaries and benefits by specifying the number of hours devoted to each function. The guidelines further state that the average number of hours devoted to each function may be claimed if supported by a documented time study. The district did not provide a documented time study to support claimed costs.

*Parameters and Guidelines* states that all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs.

### Recommendation

We recommend that the district establish and implement procedures to ensure that claimed costs are supported with source documents. Additionally, the district should ensure that only actual costs incurred to implement mandated activities are claimed.

### District's Response

Finding #1 of the audit disallows a total of \$324,532 in unsupported salaries and benefits. As the Intradistrict Attendance Program typically includes a number of repetitive tasks that are appropriate for a documented time study. The district will create a valid, formalized time study in the current fiscal year. The results of this time study will be used to support claimed costs during the audit period. The district will contact SCO to submit a time study plan and conduct the time study once the time study plan has been approved.

Finding #1 of the audit disallows \$51,879 in costs that did not constitute adequate documentation in support of claimed salaries and benefits. As in our previous letter we request to be provided the written instructions, or other writings in effect, that were applicable during that claiming period and to which the District's time sheets do not comply. We also request documentation showing when school districts were notified of those requirements. The District will also apply the time study to support these costs.

Also, finding #1 of the audit disallows \$22,855 for disenrolling and re-enrolling students who had requested a transfer. In our previous letter we requested the specific reference in the P's and G's which disallowed this. This process is a direct result of the mandate.

### SCO's Comments

Upon further review, we concur that disenrolling and re-enrolling students who had requested a transfer were activities that are reimbursable under the mandate. Therefore, we have removed unallowable costs totaling \$24,196 (\$22,855 for salaries and benefits and \$1,341 for related indirect costs) from the audit report.

The remainder of the audit finding remains unchanged. In its response, the district is questioning the audit finding of \$51,879. Specifically, the district is requesting written instructions or other writings that were applicable during the claiming period with which the district's "time sheets" do not comply. *Parameters and Guidelines* for the Intradistrict

Attendance Program was adopted by the COSM on May 24, 1995. Section VII states that “for auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs.” (A copy of *Parameters and Guidelines* is available on the COSM Web site, at [www.csm.ca.gov](http://www.csm.ca.gov).) The district’s use of declarations estimating time spent on mandated activities does not meet this requirement. Declarations are not source documents and estimates of time spent performing mandated activities do not show evidence of the validity of such costs. The district did not provide any other corroborating evidence in support of its time estimates.

The SCO issues claiming instructions to assist school districts in claiming reimbursement under this mandated program. The instructions are not regulations; however, they can be used as additional guidance when filing reimbursement claims with the State. Claiming instructions applicable during the audit period were originally issued by the SCO in March of 1997. Item #8 (A)(1) of the claiming instructions document states that, “Source documents required to be maintained by the claimant may include, but are not limited to, employee time records that show the employee’s actual time spent on this mandate.” A copy of the SCO claiming instructions is available on the SCO Web site at [www.sco.ca.gov](http://www.sco.ca.gov). Declarations that present estimates of time spent performing mandated activities do not show the employee’s “actual” time spent on this mandate.

The district has requested that it be allowed to conduct a time study during the current year in support of claimed costs. We have agreed to the district’s request. The time study option was originally presented to district representatives by the SCO at the audit exit conference held on July 8, 2004. The district should submit a time study plan to the SCO for approval prior to conducting the time study. The results of a supported and valid time study could be applied retroactively to the audit period. We will re-issue the audit report and identify any adjustments that were made to the audit findings that result from a supported and valid time study.

**FINDING 2—  
Overclaimed  
materials and supplies  
costs**

The district overstated materials and supplies by \$4,129 during FY 1999-2000 and FY 2000-01. The related indirect costs, based on claimed indirect cost rates, total \$251.

For FY 1999-2000, the district claimed \$2,087 in unallowable costs for intradistrict transfer forms (NCR forms) and postage that were not supported. Specifically, the district claimed costs for 5,506 student intradistrict transfers, but only supported 555 transfers. Of the 555 applications, only 537 were completed during the audit period, resulting in 4,969 unallowable transfers. The district claimed a unit cost per completed transfer of \$0.42 (\$0.09 per form and \$0.33 for postage).

For FY 2000-01, the district claimed \$2,042 in unallowable costs for the following reasons.

- The district overstated printing costs by \$3,000 due to a mathematical error. The district claimed \$6,942 in printing costs, but its accounting records only support \$3,942.
- The district claimed \$2,238 for costs that were unrelated to the mandate program. The district claimed 100% of the costs for a computer monitor (\$2,394) and printer (\$802). Only a portion of these claimed costs are allowable because the district also used the equipment for the summer school program, a non-reimbursable activity. Based on the district's data, 60% of the computer monitor cost (\$1,436) is unallowable and 100% of the printer cost (\$802) is unallowable.
- The district understated total materials and supplies costs by \$3,196 by incorrectly claiming certain costs under the contracted services costs component. We reclassified these costs from the contracted services category to materials and supplies.

Following is a summary of overstated costs.

	Fiscal Year		Total
	1999-2000	2000-01	
Forms and postage	\$ (2,087)	\$ —	\$ (2,087)
Printing	—	(3,000)	(3,000)
Equipment	—	(2,238)	(2,238)
Misclassified costs	—	3,196	3,196
Total	(2,087)	(2,042)	(4,129)
Related indirect costs	(131)	(120)	(251)
Audit adjustment	\$ (2,218)	\$ (2,162)	\$ (4,380)

Following is a summary of claimed costs, allowable costs, and audit adjustments by reimbursable activities.

	Claimed Costs	Allowable Costs	Audit Adjustment
Random selection process	\$ 11,276	\$ 7,147	\$ 4,129
Schoolsite capacity	6,514	6,514	—
Total	\$ 17,790	\$ 13,661	\$ 4,129

*Parameters and Guidelines* states that only expenditures which can be identified as a direct cost of the mandate can be claimed. List the cost of materials that have been consumed or expended specifically for the purpose of this mandate.

*Parameters and Guidelines* also states that all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs.

Recommendation

We recommend that the district ensure that all claimed costs are properly supported and eligible for reimbursement.

District's Response

The district did not respond to this finding.

SCO's Comments

The finding and recommendation remain unchanged.

**FINDING 3—  
Unallowable  
contracted services**

The district overstated contracted services costs totaling \$11,540 during FY 2000-01. The overstatements are summarized as follows.

- The district incorrectly claimed materials and supplies costs totaling \$3,196 under contracted services. We reclassified these costs to materials and supplies.
- The district claimed \$8,344 for the costs of remodeling an open enrollment office. The majority of the costs claimed were for office space configuration, new doorway installation, and office furniture purchases. The district did not support that the costs of remodeling an open enrollment office were necessary to comply with the mandate. Moreover, the remodeling of an open enrollment office is not a reimbursable activity under the Intradistrict Attendance Program.

*Parameters and Guidelines* states that only the direct and indirect costs of labor and supplies and services incurred for the mandate components are reimbursable. There are four mandate components: Policy and Procedures, Random Selection Process, Schoolsite Capacity, and Impact on Demographics. Reimbursable costs do not include costs for capital assets.

Recommendation

We recommend that the district ensure that all claimed costs are properly supported and eligible for reimbursement.

District's Response

The district did not respond to this finding.

SCO's Comments

The finding and recommendation remain unchanged.

**OTHER ISSUE—  
Response to  
district's letter**District's Response

The District wishes to comment on the legal justification and guidelines relied upon by the auditor in disallowing claimed expenses. These same concerns were expressed to you in a letter dated July 7, 2004, to which we received no response (attached).

SCO's Comment

The district's letter dated July 7, 2004, was in response to an audit status report dated May 13, 2004. The audit status report was presented at a meeting held between the lead auditor and district representatives. During this meeting, we presented and discussed preliminary audit findings. We did not respond to the district's letter because the district's request for legal justification and guidelines on which the auditor relied in disallowing claimed expenses was premature. At the time of the request, the audit was still in progress and no audit report had been issued.

We presented the results of audit fieldwork at a July 8, 2004, exit conference with district representatives. We held follow-up meetings with district representatives on July 30, 2004, September 16, 2004, and October 5, 2004, to discuss additional documentation that the district provided to support claimed costs. We adjusted the audit findings based upon the additional documentation that the district presented at these follow-up meetings. We communicated a final audit status report to the district on October 18, 2004. Our draft audit report was subsequently issued on August 5, 2005.

**Attachment—  
District's Response to  
Draft Audit Report**

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## San Juan Unified School District

### *Business Services*

3738 Walnut Avenue, Carmichael, California 95608

P.O. Box 477, Carmichael, California 95609-0477;

Telephone (916) 971-7238; FAX (916) 971-7788; E-Mail MDencavage@sanjuan.edu

Internet Web Site: [www.sanjuan.edu](http://www.sanjuan.edu)

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Steven W. Enoch, Superintendent of Schools

September 6, 2005

Jim L. Spanos, Chief  
Compliance Audits Bureau  
State Controllers Office  
Post Office Box 942850  
Sacramento, CA 94250-5874

RE: Draft Audit Report – San Juan Unified School District  
Intradistrict Attendance Program

Dear Mr. Spanos:

The San Juan Unified School District has been given a copy of the draft Audit Report dated August 2005 of the Controller's audit of the above mandate, for the years July 1, 1999 through June 30, 2003. The District wishes to comment on the legal justification and guidelines relied upon by the auditor in disallowing claimed expenses. These same concerns were expressed to you in a letter dated July 7, 2004, to which we received no response (attached).

Finding #1 of the audit disallows a total of \$324,532 in unsupported salaries and benefits. As the Intradistrict Attendance Program typically includes a number of repetitive tasks that are appropriate for a documented time study. The district will create a valid, formalized time study in the current fiscal year. The results of this time study will be used to support claimed costs during the audit period. The district will contact SCO to submit a time study plan and conduct the time study once the time study plan has been approved.

Finding #1 of the audit disallows \$51,879 in costs that did not constitute adequate documentation in support of claimed salaries and benefits. As in our previous letter we request to be provided the written instructions, or other writings in effect, that were applicable during that claiming period and to which the District's time sheets do not comply. We also request documentation showing when school districts were notified of those requirements. The District will also apply the time study to support these costs.

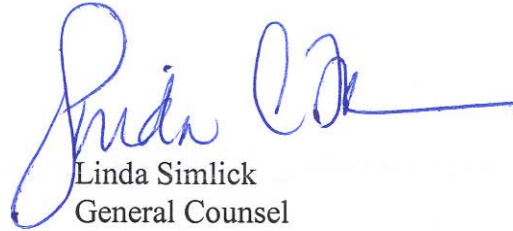
Also, finding #1 of the audit disallows \$22,855 for disenrolling and re-enrolling students who had requested a transfer. In our previous letter we requested the specific reference in the P's and G's which disallowed this. This process is a direct result of the mandate.

If you have any questions I can be reached at (916) 971-7238 or Linda Simlick at (916)971-7110.

Sincerely,



Mike Dencavage  
Associate Superintendent of Business



Linda Simlick  
General Counsel

Cc: Steven Enoch, Superintendent  
Dina Geiss, Director, Business Services  
Sharon Rew, Internal Auditor



## San Juan Unified School District

*Legal Services Department*

*Diana D. Halpenny, General Counsel*

*Linda C. T. Simlick, Assistant General Counsel*

3738 Walnut Avenue, Carmichael, California 95608

P.O. Box 477, Carmichael, California 95609-0477

Telephone (916) 971-7110; FAX (916) 971-7704

Internet Web Site: [www.sanjuan.edu](http://www.sanjuan.edu)

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General Davie, Jr., Ed.D., Superintendent of  
Schools

July 7, 2004

Jim L. Spanos, Chief  
Stephanie Lo, Auditor  
Compliance Audits Bureau  
Division of Audits  
California State Controller's Office  
P.O. Box 942850  
Sacramento, CA 94258-5874

RE: Draft Audit Report – San Juan Unified School District  
Intradistrict Attendance Program Mandate  
S04-MC-0014

Dear Mr. Spanos and Ms. Lo:

The San Juan Unified School District has been given a copy of the audit status report #2 dated May 13, 2004 of the Controller's audit of the above mandate, for the years 1999/2000 through 2002/03. The District requests to be provided the legal justification and guidelines relied upon by the auditor in disallowing the claimed expenses.

In Ms. Lo's report, she has disallowed \$501,359 out of the \$615,453 claimed for the four-year period. This represents an eighty-two percent (82%) reduction of the claims. The vast majority of the value of the district's claims is employee time (\$553,327), and the bulk of the disallowance by the auditor is likewise in that same category (\$452,739).

We request to be provided the legal bases upon which the reductions in employee time are made. Specifically, for each year of the audit, we request to be provided a copy of the documentation that supports that year's disallowance. For example, for the 1999-2000 claim, the report disallows the entire \$239,456 for salaries and benefits that was claimed. The reason specified was not providing "documented timesheets." Please provide a copy of the legal requirements in effect during 1999-2000 that required school districts to maintain "documented timesheets," and please explain what a

State Controllers Office  
Public Records Request  
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"documented timesheet" is.

The reduction for 2000-2001 includes "non-compliant logsheets (timesheets)." Please provide the written instructions or other writings in effect and applicable during that claiming period and to which the District's timesheets do not comply. In other words, if it is the position of the Controller that our timesheets do not comply with some requirement, what are those requirements that were in effect at the relevant time of that year's claim, and when were school districts notified of those requirements? We are requesting you provide us a copy of that. With respect to disallowing the employee certifications of the time spent, what is the legal basis for such disallowance? The report states that the school staff time spent enrolling and disenrolling students is not allowed per the parameters and guidelines. Please identify the specific reference in the P's and G's to which this disallowance refers.

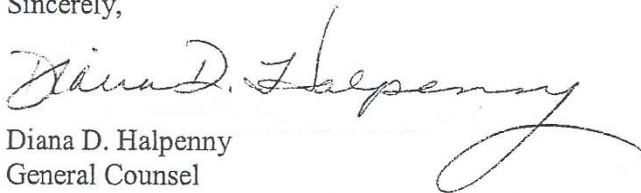
For 2001-2002, again, we request a copy of whatever the legal requirements were for that year for maintaining timesheets that is being relied upon to disallow the claimed amounts.

We request the same information for 2002-2003 – to the extent the claim is disallowed based on "non-compliant" timesheets, we request a copy of the compliance requirements in effect during that period of time that supports the disallowance.

Thank you for your prompt attention to this request. I would direct your attention to Government Code section 6253, which requires you to make a determination within ten (10) days of this request whether the requested information is a public record, and to notify me of that determination and the expected date of compliance with this request.

Please call me if you have any questions concerning this request. I can be reached at (916) 971-7110.

Sincerely,



Diana D. Halpenny  
General Counsel

Cc: General S. Davie, Jr., Superintendent  
Mike Dencavage, Associate Superintendent, Business Services  
Dina Geiss, Director, Business Operations

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, California 94250-5874**

**<http://www.sco.ca.gov>**